

Honolulu, Hawaii

FEB 14 2014

RE: S.B. No. 3126  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam:

Your Committees on Technology and the Arts and Commerce and Consumer Protection, to which was referred S.B. No. 3126 entitled:

"A BILL FOR AN ACT RELATING TO EMPLOYMENT AGREEMENTS,"

beg leave to report as follows:

The purpose and intent of this measure is to encourage the development of technology businesses in Hawaii by prohibiting businesses from using noncompete agreements and restrictive covenants that forbid post-employment competition of their employees, except in certain situations.

Your Committees received testimony in support of this measure from twelve individuals. Your Committees received comments on this measure from the High Technology Development Corporation.

Your Committees find that post-employment restrictive covenants impede the development of businesses in Hawaii by driving skilled workers, including technology employees and licensed physicians, to other jurisdictions and by requiring local businesses to solicit from out of the State. Hawaii's regional success depends upon a mobile workforce that remains committed to our community, and this measure will encourage the formation of new businesses and competition.

Your Committees have amended this measure by:

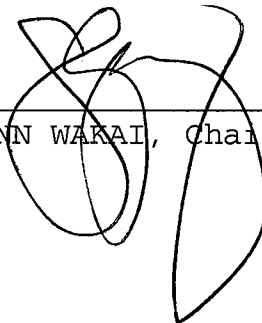


- (1) Adding language to apply the prohibition on noncompete agreements and restrictive covenants that forbid post-employment competition to licensed physicians;
- (2) Inserting a definition for "licensed physician"; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Technology and the Arts and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3126, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3126, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Respectfully submitted on  
behalf of the members of the  
Committees on Technology and  
the Arts and Commerce and  
Consumer Protection,

  
\_\_\_\_\_  
ROSALYN H. BAKER, Chair

  
\_\_\_\_\_  
GLENN WAKAI, Chair



**Record of Votes**  
**Committee on Technology and the Arts**  
**TEC**

\*Only one measure per Record of Votes

The Senate  
Twenty-Seventh Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <b>SB 3126</b>	Committee Referral: <b>TEC/CPN, JDL</b>	Date: <b>2/6/14</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"><input type="checkbox"/> Pass, unamended 2312</div> <div style="text-align: center;"><input checked="" type="checkbox"/> Pass, with amendments 2311</div> <div style="text-align: center;"><input type="checkbox"/> Hold 2310</div> <div style="text-align: center;"><input type="checkbox"/> Recommit 2313</div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
NISHIHARA, Clarence K.				✓
WAKAI, Glenn	✓			
SLOM, Sam				✓
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>2</b>
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted           <input type="checkbox"/> Not Adopted         </div>				
Chair's or Designee's Signature:				
<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <b>Distribution:</b>            Original            File with Committee Report         </div> <div style="text-align: center;">           Yellow            Clerk's Office         </div> <div style="text-align: center;">           Pink            Drafting Agency         </div> <div style="text-align: center;">           Goldenrod            Committee File Copy         </div> </div>				

\*Only one measure per Record of Votes